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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 004159

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TAGS: [PGOV](#) [TW](#)

SUBJECT: PAN-BLUE OPPOSITION TO DEFENSE SPENDING: A
DIFFERENT VISION OF TAIWAN'S FUTURE

REF: A. TAIPEI 3284

[1B.](#) TAIPEI 3778

[1C.](#) TAIPEI 3962

[1D.](#) TAIPEI IIR 6 818 0184 05

Classified By: AIT Director Douglas Paal, Reason(s): 1.4 (B/D)

[11.](#) (C) Summary. The long-stalled Defense Procurement Special Budget has become increasingly identified in Taiwan domestic politics with the "Pan-Green" agenda of maintaining distance from the PRC and relying on the U.S. to protect Taiwan. At the same time, the opposition "Pan-Blue" coalition, which developed the components of the Defense Special Budget package when it was in power before 2000, has shifted to a very different world view that sees defense against the PRC's massive military build-up as futile and stresses cross-Straits confidence-building measures as the best guarantor of Taiwan security, an outgrowth of the May 2005 Lien/Soong PRC visits. The opposing Green-Blue stances on the Defense Special Budget go beyond "just politics" in the run up to year-end elections; rather, they are rooted in a perceptual and ideological divide between the two camps based on very different views of cross-Straits relations and visions of Taiwan's future. End Summary.

Legislative Mirage

[12.](#) (C) The opposition of Pan-Blue parties, People First Party (PFP) and Kuomintang Party (KMT), to the Defense Procurement Special Budget (PAC-III missiles, P-3c surveillance aircraft, diesel electric submarines) continuously changed over the past year. Stated reasons for opposition shifted from economics (too expensive), to funding mechanism ("fiscally irresponsible" special budgets), to public opinion. In the Spring 2005 Legislative Yuan (LY) session, the Pan-Blue also attacked the ruling DPP for allowing the regular defense budget to decline to 2.4 percent of GDP and demanded the regular defense budget be enhanced to cover large weapons procurement. When the Ministry of National Defense (MND) responded in early September by shifting the PAC-III missiles into the regular defense budget and reducing the Defense Special Budget from NTD 480 billion to NTD 340 billion, however, Pan-Blue legislators responded with a new argument: PAC-III procurement is "illegal" because a March 2004 island-wide referendum "rejected" (foujue) acquisition of more missile systems. Despite the government's insistence that the referendum did not cover PAC-III's, since that acquisition had been previously decided, Pan-Blue parties have dug in their heels on the PAC-III's, KMT legislator Su Chi told AIT on October 11. (For a discussion of the defense referendum, see Ref A.)

[13.](#) (C) In step with its shifting explanations for opposing the Defense Special Budget, Pan-Blue promises of future support also shifted further into the future. "After the December 2004 LY elections" shifted to the Spring 2005 LY session, then to the end of that session and finally to the regular Fall 2005 LY session. Now, after three rejections in the current session, Blue legislators are beginning to hint that following the December 2005 local elections, the time might be right for considering (vice passing) the Defense Special Budget.

Differing World Views

[14.](#) (C) There are deeper issues at stake in the Green-Blue stand-off over the Defense Special Budget than just political jockeying for advantage in the year-end local elections. Rather, the two camps hold very different perceptions of cross-Straits relations and Taiwan's future. Former (unsuccessful) KMT candidate for Taipei County Magistrate Spencer Yang (Tang-shun) told AIT that KMT legislators see the rise of China and its arms build-up as "unstoppable." In their view, Taiwan can never match China militarily and, thus, has no choice but to accommodate this new power reality. At the same time, Yang continued, Pan-Blue legislators and activists believe the U.S. is "dumping" old or ineffective weapons on Taiwan; for example, he said,

Patriot missiles have only a 30 percent success rate, "too low to provide Taiwan with effective missile defense." Yang, who is a political scientist involved in KMT polling operations, told AIT that 80 percent of Kuomintang supporters do not/not believe the U.S. will really help Taiwan in the event of a PRC attack. KMT legislator Su Chi separately told AIT that a retired U.S. admiral he met with on his last U.S. visit told him it would take "at least 3 weeks" for the U.S. to get reinforcements to Taiwan in the event of a PRC attack, "too late to be of use," said Su. The moral of this story, Su concluded, is that Taiwan cannot count on the U.S.

15. (C) On the other hand, cross-Strait specialist Philip Yang (Jung-ming) -- Blue-leaning, but with close contacts in the government Mainland Affairs Council (MAC) -- told AIT that most Pan-Green supporters are convinced the U.S. will support, even defend, Taiwan. Yang pointed to President Chen's reported statement during his recent Central American trip that he (Chen) believed the U.S. would come to the aid of Taiwan in the event of an attack. The main reason the Pan-Green parties, DPP and Taiwan Solidarity Union (TSU), so strongly support the Defense Special Budget, Yang argued, is that they believe this will commit the U.S. to Taiwan's defense. At the same time, he continued, the DPP government is working to limit and control relations with the PRC, as demonstrated by its effort to establish "effective management," and continues to enforce the "40 percent rule" discouraging investment in the PRC. Other than its sporadic and provocative efforts to push a separate Taiwanese identity, Yang told AIT, the Taiwan government's most dangerous policy is its focus on use of Hsiung-feng missiles to attack mainland targets in order to provide "military deterrence," which is "useless, even counterproductive," in the context of Mainland China's overwhelming military advantage. Taipei's flirtation with deterrence strategy, Yang feared, will only stimulate PRC military buildup, leaving Taiwan in a relatively weaker security situation.

16. (C) Pan-Blue legislators and activists tell AIT that they believe passage of the Defense Special Budget would send a message to Beijing that cross-Strait relations are basically confrontational. KMT Spokeswoman Zheng Li-wen told AIT that Pan-Blue leaders see China's rise and development as inevitable and the two sides of the Taiwan Strait as increasingly interdependent. PFP legislator and Policy Director Vincent Chang (Hsien-yao) told AIT that while the PFP recognizes the PRC military threat, cross-Strait tensions are on the decline, in large part because of the Lien and Soong trips and the resulting cross-Strait progress (duty-free fruit, possible Chinese tourists to Taiwan and passenger and cargo charter flights, and PRC attentiveness to Taiwan students and business people living in Mainland China). Most Blue supporters are convinced that China has no intention of attacking Taiwan, Spencer Yang explained, unless the DPP government makes any movements toward independence or raises cross-Strait tensions. Many Blues, Philip Yang noted, see the Special Budget peace-through-strength approach as atavistic "Cold War mentality" that could provoke conflict. Pan-Blue leaders especially oppose Taiwan's procurement of submarines, Yang continued, because of their offensive potential, not to mention the fact that production and deployment would take ten years and Taiwan would have no part in the manufacture. While the Pan-Blue accepted the need for P3c's, Su Chi explained, submarines were highly questionable and PAC-III's out of the question, the last because Taiwan voters "vetoed" (sic, see Ref A) further missile acquisitions in March 2004 referendum.

KMT Appeals for U.S. Understanding

17. (C) Su Chi told AIT that the KMT "really resents" being painted by some U.S. academics and think tanks as pro-China, pro-unification, anti-defense, and/or obstructionist. This, he argued, is a "shallow" perception and misperception of the Blue position. It is in part Pan-Blue's own fault, Su acknowledged, because it had not clearly explained its stance or objectives but rather had focused wholly on domestic politics. U.S. critics, Su continued, failed to comprehend the KMT's carefully nuanced strategy for creating real, long-term security for Taiwan. Beijing, moreover, is cooperating in this prudent game and, for example, carefully refrained from even mentioning "one China" or unification during Lien's visit to China. (On the other hand, he noted, Lien gave explicit orders that there must be no criticism of President Chen Shui-bian while the Lien delegation was in the PRC.) The KMT, Su stressed, is not pro-unification, but only anti-independence and supports the status quo.

18. (C) Blue legislators, Philip Yang told AIT, view the Chen government's support of the Defense Special Budget as "buying insurance," intended to obligate the U.S. to defend Taiwan. This sense of security will, in turn, encourage the Chen government and pro-independence elements to promote Taiwan separateness. The September 25 "Defend Taiwan" march in support of the Defense Special Budget sponsored by "deep-Green" pro-independence organizations (Refs B,C), Yang

noted, further identified the Defense Special Budget with pro-independence sentiments in the mind of Blue supporters.

Comment: Different Politics, Different Visions

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19. (C) The Special Budget is not the only legislation deadlocked in the LY. Very little legislation, in fact, passed the gridlocked 2004-2005 LY, and the current session portends to be equally constipated. Pan-Blue legislators' suspicions of the Defense Special Budget and of U.S. motives are difficult to counter with explanations and information. AIT notes that some of the Pan-Blue legislators spouting inaccurate information about the Defense Special Budget weapons systems, pricing, and capabilities, have been provided with accurate, detailed information. They choose to ignore the information for political purposes, as Blue and Green camps seek issues to gain advantage in the December 3 local and future elections.

10. (C) Beyond politics, the Green and Blue camps have fundamentally different perceptions of cross-Strait relations and visions of Taiwan's future. The DPP government and Pan-Green leaders now strongly support the Defense Special Budget (though they did little to promote it until criticism from the U.S. sharpened). The Pan-Blue camp, on the other hand, is operating in the continuing aftermath of the May 2005 Lien-Soong visits to Mainland China. Five months after the two visits, it is clear that they have had a significant impact on cross-Strait relations and on Pan-Blue thinking. Beijing's fruit, charter, student, and panda overtures this past Summer came straight from the pages of the Joint Statements of the two visits. A Niandai (pro-Blue) series of monthly public opinion polls of voter satisfaction showed a quick five-point bump in KMT and PFP support and parallel drop in ruling DPP support in mid May just after the Lien-Soong visits. This bump/drop has held steady for four months down to the most recent poll last week, and will likely fuel Pan-Blue determination to continue the Lien-Soong approach and to oppose the Defense Special Budget in all its reconfigurations.
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